

MARSH

Susan Rice
Vice President

Marsh USA Inc.
1215 Fourth Avenue, Suite 2300
Seattle, WA 98161
206 613 2332 Fax 206 613 2626
Susan.A.Rice@marsh.com
www.marsh.com

June 02, 2004

Ms. Diane Decker
Desimone Family Trust
C/O JHS Properties
14900 Interurban Ave. S., Suite 210
Seattle, WA 98168

Subject:
Insurance Program Renewal
December 31, 2003 to 2004

Dear Diane:

Enclosed is a notebook containing the original policies for renewal of the insurance program provided for the Desimone Family Trust. We have checked the renewal against the expired policies, insurance specifications, and the insurance binder, and we find them to be in order.

Also enclosed in the notebook is a summary of insurance. This summary has been included to provide you with a brief outline of the coverages, limits, deductibles, and some of the notable exclusions contained in your policies. Because it provides limited information, you will still want to refer to your policy or give us a call for specific coverage questions.

Package Policy, Federal Ins. Co., #3534-83-34

Your package policy was renewed with Chubb to provide property and general liability coverages. The blanket building limit was renewed at \$6,111,502 and blanket rents at \$1,124,798. The building values are based on replacement cost and are subject to a deductible of \$5,000 per occurrence. The blanket rents are subject to a 48 hour waiting period. Several supplemental limits also apply including \$75,000 personal property at any other location, \$250,000 applying to accounts receivable, EDP, fine arts, valuable papers, rents, and extra expense. For a complete list of additional limits, please refer directly to the policy.

Coverage is provided for risks of direct physical loss or damage subject to the terms, conditions, and exclusions contained in the policy. Some of the exclusions include earthquake, flood, business errors, government action, wear and tear, and war and military action. For a complete list of property exclusions, please refer to the policy.

General liability coverage is included in this policy with a limit of \$1,000,000 applying to each occurrence, a \$2,000,000 aggregate limit, and \$2,000,000 products and completed operations limit. Medical Expense payments are included for \$10,000 any one person. Your policy also includes a \$1,000,000 limit applying to personal and advertising injury. Stop gap employers liability is provided with a policy limit of \$1,000,000.

General liability coverages are subject to the terms, conditions, and exclusions included in the policy form. Exclusions include but are not limited to expected or intended injury, workers' compensation

DFT 003026



Marsh & McLennan Companies

MARSH

Page 2

June 02, 2004

Ms. Diane Decker

and similar laws, pollution, and war. Specific exclusions are included in the policy for international war or terrorism, lead, intellectual property, asbestos, employment related practices, nuclear energy liability, and certified acts of terrorism. For the complete list of exclusions, please refer to your policy.

The policy also provides Employee Benefit Liability coverage on a claims made basis with limits of \$1,000,000 each claim and an aggregate of \$1,000,000. A deductible of \$1,000 per claim still applies. The policy will pay damages you are legally obligated to pay for any claim arising out of a negligent act, error or omission to which this insurance applies. A claim must be made after the retro date of 12/31/97 and prior to the expiration date of the policy, or the basic extended reporting period of 60 days. A claim will be deemed to have been made when notice of such claim is received by any insured, licensed agent, or the company. You must see to it that the carrier is notified as soon as practicable of any negligent act, error, or omission which may result in a claim. When possible, the notice should include how, when, and where the negligent act, error, or omission took place. In the event this policy is cancelled or non-renewed, the basic extended reporting period will automatically be provided.

Automobile, Federal Ins. Co., #7497-94-76

Your automobile coverage is provided at \$1,000,000 for bodily injury and property damage combined, applying to non-owned and hired vehicles. Physical damage coverage is provided for hired vehicles with a maximum value of \$50,000 and is subject to deductibles of \$500 applying to comprehensive and \$500 for collision.

Some of the standard exclusions applying to the coverages provided by this policy include owned vehicles, expected or intended injury, and injuries subject to workers' compensation law. A specific exclusion is included applying to nuclear energy. This list is not complete. For a complete list of the exclusions, please refer directly to the policy.

DIC, Mt. Hawley Ins. Co., #MDC0301235

This policy has been renewed to provide coverage for the perils of Earthquake, Flood, and Volcanic Action. Coverage is subject to a per occurrence loss limit of \$5,000,000 with the exception of earthquake and flood, which are subject to an annual aggregate limit of \$5,000,000. A deductible of 5% of the values at risk per building applies to earthquake and flood, with a minimum deductible of \$25,000 each occurrence. A deductible of \$25,000 each occurrence applies to all other perils.

In the event of a loss, you are required to give us prompt notice of the loss or damage, including a description of the property involved. Property is valued at replacement cost for buildings and actual loss sustained for rental value based on the attached statement of values. Actual cash value will apply to the buildings if the damaged property is not repaired or replaced after a loss.

The policy includes several exclusions, including but not limited to, certain computer related losses, property located in Flood Zone "A" or "A" or any 100 year flood plain, sprinkler leakage, wear and tear, settling, shrinkage or expansion, war or military action, or terrorism. For a complete listing of exclusions, please refer to the policy.

DFT 003027

MARSH

Page 3

June 02, 2004

Ms. Diane Decker

Umbrella/Excess Liability, Federal Ins. Co., #7975-78-41

Coverage is provided at \$5,000,000 each occurrence for bodily injury and property damage, with an aggregate limit of \$5,000,000 for advertising injury and personal injury, and for products completed operations.

The policy is also subject to an annual aggregate limit of \$5,000,000 for excess coverage A, which is excess of the underlying limits provided by your general liability, automobile liability, stop gap coverage, and employee benefits liability. The coverage will follow the terms and conditions contained in the underlying policies. An aggregate limit of \$5,000,000 also applies to umbrella coverage B, which is intended to broaden coverage and fill potential gaps in or between the underlying coverages. Coverage is subject to specific terms and conditions contain in the policy.

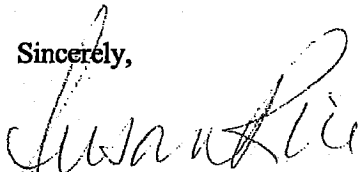
Employee Benefits is provided on a claims made basis. A claim must be made after the retro date of 12/31/97 and prior to the expiration date of the policy, or the basic extended reporting period of 60 days. A claim will be deemed to have been made when notice of such claim is received by any insured, licensed agent, or the company. You must see to it that the umbrella carrier and underlying carrier are notified as soon as practicable of any negligent act, error, or omission which may result in a claim. When possible, the notice should include how, when, and where the negligent act, error, or omission took place. In the event this policy is cancelled or non-renewed, the basic extended reporting period will automatically be provided.

As such, you must see to it that the insurer is notified as soon as practicable of any act, error or omission which may result in a claim that occurs and is reported after the retroactive date of 9/6/94, but before the policy expiration date, except for any applicable Extended Reporting Periods.

Specific exclusions apply to venture capital liability, biological agents, securities & trade practices, intellectual property, lead, leasing, real estate development, trust, employee or worker injury, care, custody, or control of real or personal property, contractors, foreclosure, financial institution activities, and pollution. This is not a complete list of exclusions. Please refer directly to the policy for all applicable exclusions, or give us a call if you have any questions.

Once you have had an opportunity to review your policies, please call us if you have any questions or concerns.

Sincerely,



Susan Rice for
Dave Hammond

Enclosures

cc: Dave Hammond

DFT 003028